

2291

OFFICIAL  
FILE COPY

**DO NOT SEND OUT**

(Xerox necessary  
copies from this  
copy and PLACE  
BACK in FILE)

**CITY OF MARKSVILLE, LOUISIANA  
GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1996**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court

Release Date February 11, 1997

**MAJOR & DUCOTE**  
CERTIFIED PUBLIC ACCOUNTANTS  
P. O. Box 309  
219 North Washington Street  
Marksville, Louisiana 71351

RECEIVED  
LEGISLATIVE AUDITOR  
97 JAN -2 PM 12:17

**Major & Ducote**  
Certified Public Accountants

VAN P. MAJOR, CPA, PC  
ALOYSIA C. DUCOTE, CPA, PC  
JOAN S. DUCOTE, CPA, PC  
JOHN L. MORRISON, III, CPA, PC

MEMBERS:  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

December 16, 1996

To Mayor John Ed Laborde and  
Members of the City Council  
City of Marksville  
Marksville, Louisiana

RECEIVED DIRECTOR  
LEGISLATIVE COUNCIL  
97 JAN 14 AM 9:58

In planning and performing our audit of the general purpose financial statements of the City of Marksville, Louisiana for the year ended June 30, 1996, we considered the City's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the general purpose financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. A separate report December 16, 1996, contains our report on reportable conditions in the City's internal control structure. This letter does not affect our report dated December 16, 1996, on the financial statements on the City of Marksville, Louisiana.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various City personnel, and we will be pleased to discuss them in further detail at your convenience and to assist you in implementing these recommendations.

Thank you for your courtesies and cooperation extended to us during the annual examination.

  
MAJOR & DUCOTE  
Marksville, Louisiana

Memorandum Re: Comments to Improve  
the City's Operations

In connection with the examination, we offer the following comments to improve the City's operations.

1. Issuance of 1099 Forms

Statement of Condition: As cited in previous years, the City of Marksville did not issue all required Form 1099 forms.

Description of Effect: This condition is a violation of federal law which requires that a form 1099 be issued to any non-incorporated vendor which has been paid \$600 or more for services in a calendar year.

Recommendation: The City should monitor these type payments and issue any and all required 1099 forms. Effective July 1, 1996, the City of Marksville computerized their accounting functions and effective with the 1997 year they will begin issuing 1099's.

2. Approved Pay Rate Schedules

Statement of Condition: During payroll testwork, it was noted that not all current pay rates could be traced back to council approval. Initial pay rates at hiring are normally approved by the Council at the time of hiring; however, changes in these rates cannot always be traced to proper approval.

Description of Effect: All pay rates and changes in rates should be done by proper administrative action and properly documented and maintained in the personnel file.

Recommendation: Council approved individual employee raises went into effect July 1, 1996. As these were the first substantial raises given in several years, a master pay rate schedule was compiled. Administration should utilize the master schedule as a starting point and properly document any updates and pay raises to this pay schedule.

3. Documentation of Employee Performance Evaluations

Statement of  
Condition: Formal job evaluations are not performed on a scheduled annual basis. This does not allow the employee to be aware of the goals set for them and/or their department for the upcoming year or their strengths and weaknesses as an employee.

Description of  
Effect: Employees are made aware of their good and bad points throughout the year by the use of commendations or memos to the file. Often times morale and performance are improved if the employer has formal, documented evaluation procedures. This type system would also give the City administration additional basis for merit raises, no raises, terminations, or promotions.

Recommendation: The City has adopted a policy whereby each fiscal year the Mayor and Council will review current pay rates for any changes in pay. The City should incorporate documentation of employee performance evaluations as a part of their annual pay rate evaluation. The documentation of employee performance will assist the administration in making any pay rate changes.

4. Formal Written Policies and Procedures

Statement of  
Condition: The City currently does not have formal, written policy and procedure manuals or job descriptions.

Description of  
Effect: Various procedures, checks and balances comprise an internal control system. In order for a system to function properly and provide all the possible safeguards, written policy and procedures are needed.

Recommendation: Current city policies, procedures and job descriptions should be formalized into a written form. Through the use of a committee, this task could more easily be accomplished. Also, formal, written policies and procedure manuals would facilitate job performance evaluations and city administration.

**CITY OF MARKSVILLE, LOUISIANA**  
**TABLE OF CONTENTS**  
**June 30, 1996**

	<u>PAGE</u>
<b>INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS</b>	1
<b>GENERAL PURPOSE FINANCIAL STATEMENTS</b> <b>(COMBINED STATEMENTS - OVERVIEW)</b>	
Combined Balance Sheet - All Fund Types and Account Groups	3 - 4
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types	5 - 6
Combined Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual, General and Special Revenue Funds	7 - 8
Combined Statement of Revenues, Expenses and Changes in Retained Earnings - All Proprietary Fund Types	9
Combined Statement of Cash Flows - All Proprietary Fund Types	10
<b>NOTES TO THE FINANCIAL STATEMENTS</b>	12 - 35
<b>SUPPLEMENTARY INFORMATION</b>	
<b>INDIVIDUAL FUND AND COMBINING STATEMENTS</b>	
<b>Special Revenue Funds:</b>	
Combining Balance Sheet	38 - 39
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	40 - 41
Capital Outlay Fund - Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual	42
1% Sales Tax Fund - Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual	43
1/2% Sales Tax Fund - Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual	44
<b>Debt Service Funds:</b>	
Combining Balance Sheet	46 - 47
Combining Statement of Revenues, Expenditures and and Changes in Fund Balance	48 - 49

**CITY OF MARKSVILLE, LOUISIANA**  
**TABLE OF CONTENTS (continued)**  
**June 30, 1996**

	<u>PAGE</u>
<b>Capital Project Funds:</b>	
Combining Balance Sheet	51
Combining Statement of Revenues, Expenditures and and Changes in Fund Balances	52
<b>Enterprise Funds:</b>	
Combining Balance Sheet	54
<b>OTHER REPORTS REQUIRED BY <u>GOVERNMENTAL AUDITING STANDARDS</u></b>	
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL STRUCTURE BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	56 - 58
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	59
<b>OTHER REPORTS REQUIRED BY OFFICE OF MANAGEMENT AND BUDGET (OMB) CIRCULAR A-128</b>	
INDEPENDENT AUDITORS' REPORT ON SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE	61
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE	62
INDEPENDENT AUDITORS' REPORT ON THE INTERNAL CONTROL STRUCTURE USED IN ADMINISTERING FEDERAL FINANCIAL ASSISTANCE PROGRAMS	63 - 65
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH THE GENERAL REQUIREMENTS APPLICABLE TO FEDERAL FINANCIAL ASSISTANCE PROGRAMS	66
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE TO NONMAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAMS	67

# Major & Ducote

Certified Public Accountants

VAN P. MAJOR, CPA, PC  
ALOYSIA C. DUCOTE, CPA, PC  
JOAN S. DUCOTE, CPA, PC  
JOHN L. MORRISON, III, CPA, PC

MEMBERS:  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

The Honorable John Ed Laborde, Mayor  
and Members of the City Council  
City of Marksville, Louisiana

We have audited the accompanying general purpose financial statements of the City of Marksville, Louisiana as of and for the year ended June 30, 1996, as listed in the foregoing table of contents. These general purpose financial statements are the responsibility of management of the City of Marksville. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office Management and Budget Circular A-128, "Audits of State and Local Governments". Those standards and Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Marksville as of June 30, 1996, and the results of operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated December 16, 1996, on our consideration of the City of Marksville, Louisiana's internal control structure and a report dated December 16, 1996, on its compliance with laws and regulations.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying supplemental information schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the general purpose financial statements of the City of Marksville. Such information has been subjected to the procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.



MAJOR & DUCOTE  
Marksville, Louisiana  
December 16, 1996

**GENERAL PURPOSE FINANCIAL STATEMENTS  
(COMBINED STATEMENTS - OVERVIEW)**



**CITY OF MARKSVILLE, LOUISIANA**  
**Combined Balance Sheet**  
**All Fund Types and Account Groups**  
**June 30, 1996**

	General Fund	Special Revenue Funds	Debt Service Funds	Capital Project Funds
<b>ASSETS</b>				
Assets				
Cash and cash equivalents	\$ 218,680	\$ 676,061	\$ 544,479	\$ 34,074
Accounts receivable	20,323	100,346	-	-
Due from other funds	6,563	1,631	-	15,636
Due from governmental units	18,779	-	-	-
Restricted Assets				
Cash and cash equivalents	-	-	-	-
Property, plant and equipment (net of accumulated depreciation)	-	-	-	-
Other Debits				
Amount available in debt service	-	-	-	-
Amount to be provided for retirement	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 264,345</b>	<b>\$ 778,038</b>	<b>\$ 544,479</b>	<b>\$ 49,710</b>
<b>LIABILITIES AND FUND EQUITY</b>				
LIABILITIES				
Accounts payable	\$ 26,565	\$ 1,379	\$ -	\$ -
Contracts payable	-	-	-	-
Accrued expenses	-	-	-	-
Due to other funds	2,600	1,631	-	-
Curr Liab (from Restr Assets)				
Meter deposits	-	-	-	-
Revenue bonds payable	-	-	-	-
Accrued Interest	-	-	-	-
Long-Term Liabilities				
Compensated absences payable	-	-	-	-
General obligation bonds pay	-	-	-	-
Revenue bonds payable	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>29,165</b>	<b>3,010</b>	<b>-</b>	<b>-</b>
FUND EQUITY				
Contributed capital	-	-	-	-
Investment in general fixed assets	-	-	-	-
Retained earnings:				
Reserved for revenue bond retirement	-	-	-	-
Unreserved	-	-	-	-
Fund balance:				
Reserved for Debt Service	-	-	544,479	-
Designated for subseq. year exp	-	-	-	15,636
Unreserved-Undesignated	235,180	775,028	-	34,074
<b>TOTAL FUND EQUITY</b>	<b>235,180</b>	<b>775,028</b>	<b>544,479</b>	<b>49,710</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 264,345</b>	<b>\$ 778,038</b>	<b>\$ 544,479</b>	<b>\$ 49,710</b>

The accompanying notes are an integral part of this financial statement.

Enterprise Funds	Trust & Agency Fund	General Fixed Assets Group	General Long-Term Debt Group	Memorandum Only Current Year	Memorandum Only Prior Year
\$ 616,394	\$ 22,653	\$ -	\$ -	\$ 2,112,341	\$ 1,403,670
104,181	-	-	-	224,850	198,960
6,750	-	-	-	30,580	29,292
-	-	-	-	18,779	237,509
399,737	-	-	-	399,737	430,687
8,319,659	-	875,681	-	9,195,340	9,198,004
-	-	-	544,479	544,479	529,894
-	-	-	2,659,798	2,659,798	2,933,804
<u>\$ 9,446,721</u>	<u>\$ 22,653</u>	<u>\$ 875,681</u>	<u>\$ 3,204,277</u>	<u>\$ 15,185,904</u>	<u>\$ 14,961,820</u>
\$ 23,484	\$ -	\$ -	\$ -	\$ 51,428	\$ 49,072
-	-	-	-	-	209,536
-	11,940	-	-	11,940	9,055
15,636	10,713	-	-	30,580	29,292
210,895	-	-	-	210,895	192,420
36,916	-	-	-	36,916	25,000
19,000	-	-	-	19,000	38,562
13,222	-	-	49,277	62,499	48,853
-	-	-	3,155,000	3,155,000	3,422,000
1,916,503	-	-	-	1,916,503	1,960,000
<u>2,235,656</u>	<u>22,653</u>	<u>-</u>	<u>3,204,277</u>	<u>5,494,761</u>	<u>5,983,790</u>
5,424,006	-	-	-	5,424,006	5,565,046
-	-	875,681	-	875,681	852,939
131,528	-	-	-	131,528	116,387
1,655,531	-	-	-	1,655,531	1,320,674
-	-	-	-	544,479	529,894
-	-	-	-	15,636	15,636
-	-	-	-	1,044,282	577,454
<u>7,211,065</u>	<u>-</u>	<u>875,681</u>	<u>-</u>	<u>9,691,143</u>	<u>8,978,030</u>
<u>\$ 9,446,721</u>	<u>\$ 22,653</u>	<u>\$ 875,681</u>	<u>\$ 3,204,277</u>	<u>\$ 15,185,904</u>	<u>\$ 14,961,820</u>

**CITY OF MARKSVILLE, LOUISIANA**  
**Combined Statement of Revenues, Expenditures,**  
**And Changes in Fund Balances - All Governmental Fund Types**  
**For The Year Ended June 30, 1996**

	General Fund	Special Revenue Funds	Debt Service Funds	Capital Project Funds
<b>REVENUES</b>				
Taxes	\$ 195,470	\$ 1,133,774	\$ 110,367	\$ -
Licenses and permits	179,864	-	-	-
Intergovernmental	127,934	-	-	-
Miscellaneous revenues	18,110	15,690	18,687	922
<b>TOTAL REVENUES</b>	<b>521,378</b>	<b>1,149,464</b>	<b>129,054</b>	<b>922</b>
<b>EXPENDITURES</b>				
General government	125,326	22,496	-	-
Public Safety	338,986	-	-	-
Streets and drainage	374,247	-	-	-
Capital outlay	-	10,913	-	-
Debt service	-	-	474,913	-
<b>TOTAL EXPENDITURES</b>	<b>838,559</b>	<b>33,409</b>	<b>474,913</b>	<b>-</b>
Excess (deficiency) of revenues over expenditures	(317,181)	1,116,055	(345,859)	922
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating Transfers In	395,600	42,828	376,788	-
Operating transfers out	-	(771,396)	(16,344)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>395,600</b>	<b>(728,568)</b>	<b>360,444</b>	<b>-</b>
Excess (deficiency) of revenues over expenditures and other sources (uses)	78,419	387,487	14,585	922
Fund Balances at beginning of year	156,761	387,541	529,894	48,788
Fund Balances at end of year	<b>\$ 235,180</b>	<b>\$ 775,028</b>	<b>\$ 544,479</b>	<b>\$ 49,710</b>

The accompanying notes are an integral part of this financial statement.

Memorandum Only Current Year		Memorandum Only Prior Year	
\$	1,439,611	\$	1,381,767
	179,864		168,048
	127,934		669,243
	53,409		52,781
	<u>1,800,818</u>		<u>2,271,839</u>
	147,822		175,959
	338,986		353,581
	374,247		356,967
	10,913		930,417
	474,913		477,512
	<u>1,346,881</u>		<u>2,294,436</u>
	453,937		(22,597)
	815,216		942,517
	(787,740)		(889,856)
	<u>27,476</u>		<u>52,661</u>
	481,413		30,064
	<u>1,122,984</u>		<u>1,092,920</u>
\$	<u>1,604,397</u>	\$	<u>1,122,984</u>

**CITY OF MARKSVILLE, LOUISIANA**  
**Combined Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances - Budget (GAAP Basis) and Actual**  
**General and Special Revenue Fund Types**  
**Year Ended June 30, 1996**

	General Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
<b>REVENUES</b>			
Taxes	\$ 191,580	\$ 195,470	\$ 3,890
Licenses and permits	154,500	179,864	25,364
Intergovernmental	172,500	127,934	(44,566)
Miscellaneous revenues	6,000	18,110	12,110
<b>TOTAL REVENUES</b>	<b>524,580</b>	<b>521,378</b>	<b>(3,202)</b>
<b>EXPENDITURES</b>			
General government	145,250	125,326	19,924
Public Safety	352,075	338,986	13,089
Streets and drainage	367,000	374,247	(7,247)
Capital outlay	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>864,325</b>	<b>838,559</b>	<b>25,766</b>
Excess (deficiency) of revenues over expenditures	(339,745)	(317,181)	22,564
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating Transfers In	389,000	395,600	6,600
Operating transfers out	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>389,000</b>	<b>395,600</b>	<b>6,600</b>
Excess (deficiency) of revenues over expenditures and other sources (uses)	49,255	78,419	29,164
Fund Balances at beginning of year	-	156,761	156,761
<b>Fund Balances at end of year</b>	<b>\$ 49,255</b>	<b>\$ 235,180</b>	<b>\$ 185,925</b>

The accompanying notes are an integral part of this financial statement.

Special Revenue Funds			Memorandum Only Current Year		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 1,059,000	\$ 1,133,774	\$ 74,774	\$ 1,250,580	\$ 1,329,244	\$ 78,664
-	-	-	154,500	179,864	25,364
-	-	-	172,500	127,934	(44,566)
12,500	15,690	3,190	18,500	33,800	15,300
1,071,500	1,149,464	77,964	1,596,080	1,670,842	74,762
23,750	22,496	1,254	169,000	147,822	21,178
-	-	-	352,075	338,986	13,089
-	-	-	367,000	374,247	(7,247)
58,100	10,913	47,187	58,100	10,913	47,187
81,850	33,409	48,441	946,175	871,968	74,207
989,650	1,116,055	126,405	649,905	798,874	148,969
40,600	42,828	2,228	429,600	438,428	8,828
(762,850)	(771,396)	(8,546)	(762,850)	(771,396)	(8,546)
(722,250)	(728,568)	(6,318)	(333,250)	(332,968)	282
267,400	387,487	120,087	316,655	465,906	149,251
-	387,541	387,541	-	544,302	544,302
\$ 267,400	\$ 775,028	\$ 507,628	\$ 316,655	\$ 1,010,208	\$ 693,553

**CITY OF MARKSVILLE, LOUISIANA**  
**Enterprise Funds**  
**Combined Statement of Revenues, Expenses**  
**And Changes in Retained Earnings**  
**For the Year Ended June 30, 1996**

	Sewer System Fund	Water System Fund	Memorandum Only Current Year	Memorandum Only Prior Year
<b>OPERATING REVENUES</b>				
Operating revenues	\$ 470,406	\$ 525,303	\$ 995,709	\$ 874,382
<b>Total operating revenues</b>	<b>470,406</b>	<b>525,303</b>	<b>995,709</b>	<b>874,382</b>
<b>OPERATING EXPENSES</b>				
Salaries	83,721	139,582	223,303	228,977
Payroll Taxes	5,884	10,243	16,127	17,631
Group insurance	3,604	8,436	12,040	11,460
Bad debt expense	2,547	5,498	8,045	2,653
Bank service charge	12	132	144	-
Fuel	3,087	3,635	6,722	8,048
Utilities	25,854	36,724	62,578	57,509
Stationery, postage & telephone	1,545	10,566	12,111	13,716
Miscellaneous	2	-	2	25
Legal and professional	34,644	3,128	37,772	26,667
Parts, repairs, and maintenance	132,316	139,602	271,918	180,354
Insurance	7,533	17,031	24,564	25,627
Depreciation	110,523	112,565	223,088	211,345
Laboratory test	2,085	-	2,085	3,695
<b>Total operating expenses</b>	<b>413,357</b>	<b>487,142</b>	<b>900,499</b>	<b>787,707</b>
<b>Operating income</b>	<b>57,049</b>	<b>38,161</b>	<b>95,210</b>	<b>86,675</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest income	9,015	16,606	25,621	18,786
Grant Revenue	150,500	-	150,500	209,895
Interest expense	3,729	(38,625)	(34,896)	(39,875)
<b>Total Nonoperating revenues (expenses)</b>	<b>163,244</b>	<b>(22,019)</b>	<b>141,225</b>	<b>188,806</b>
<b>Income before operating transfers</b>	<b>220,293</b>	<b>16,142</b>	<b>236,435</b>	<b>275,481</b>
<b>OPERATING TRANSFERS</b>				
Operating transfers out	(5,000)	(22,476)	(27,476)	(52,661)
<b>Total operating transfers</b>	<b>(5,000)</b>	<b>(22,476)</b>	<b>(27,476)</b>	<b>(52,661)</b>
<b>Net Income</b>	<b>215,293</b>	<b>(6,334)</b>	<b>208,959</b>	<b>222,820</b>
Add depreciation on fixed assets acquired by grants, entitlements, and shared revenues externally restricted for capital acquisitions and construction that reduces contributed capital	82,833	58,206	141,039	138,948
<b>Retained Earnings beginning of year</b>	<b>673,282</b>	<b>763,779</b>	<b>1,437,061</b>	<b>1,075,293</b>
<b>Retained Earnings end of year</b>	<b>\$ 971,408</b>	<b>\$ 815,651</b>	<b>\$ 1,787,059</b>	<b>\$ 1,437,061</b>

**CITY OF MARKSVILLE, LOUISIANA**

Combined Statement of Cash Flows  
Enterprise Fund Type  
Year Ended June 30, 1996

	<u>Sewer System</u>	<u>Water System</u>	<u>(Memorandum only) Current</u>	<u>(Memorandum Only) Prior Year</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Net Income (Loss)	\$ 215,293	\$ (6,334)	\$ 208,959	\$ 222,819
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	110,523	112,565	223,088	211,345
(Increase) decrease in:				
Receivables	206,378	(7,135)	199,243	(183,288)
Increase (decrease) in:				
Trade accounts payable	1	2,841	2,842	(3,495)
Other payables	(205,343)	1,873	(203,470)	191,212
Accrued liabilities	<u>(12,587)</u>	<u>11,500</u>	<u>(1,087)</u>	<u>40,307</u>
 NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	 <u>314,265</u>	 <u>115,310</u>	 <u>429,575</u>	 <u>478,900</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Purchases of property and equipment	<u>(197,682)</u>	<u>-</u>	<u>(197,682)</u>	<u>(1,870,599)</u>
 NET CASH PROVIDED (USED) FROM (IN) INVESTING ACTIVITIES	 <u>(197,682)</u>	 <u>-</u>	 <u>(197,682)</u>	 <u>(1,870,599)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Principal paid on bonds and leases	(6,582)	(25,000)	(31,582)	(25,000)
Contributed capital by state grant	-	-	-	470,220
Contributed capital by bond proceeds	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,200,000</u>
 NET CASH PROVIDED (USED) FROM (FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	 <u>(6,582)</u>	 <u>(25,000)</u>	 <u>(31,582)</u>	 <u>1,645,220</u>
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	 110,001	 90,310	 200,311	 253,521
 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	 <u>266,031</u>	 <u>549,789</u>	 <u>815,820</u>	 <u>562,299</u>
 CASH AND CASH EQUIVALENTS, AT END OF YEAR	 <u>\$ 376,032</u>	 <u>\$ 640,099</u>	 <u>\$1,016,131</u>	 <u>\$ 815,820</u>

The accompanying notes are an integral part of this financial statement.



**NOTES TO FINANCIAL STATEMENTS**

# CITY OF MARKSVILLE, LOUISIANA

## Notes to Financial Statements June 30, 1996

### INTRODUCTION

The City of Marksville was incorporated in June 1, 1937, by special act of the Louisiana Legislature in 1937 (Act 126), and operates under a special charter. The City functions under a Mayor-Council form of government and provides the following services to residents within the city limits: public safety (police and fire), streets, drainage, recreation, public improvements, planning and zoning, water and sewer services, and general administrative services.

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the City of Marksville conform to generally accepted accounting principles as applicable to governmental units on a consistent basis between periods. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the Louisiana Municipal Audit and Accounting Guide, and the industry audit guide, Audits of State and Local Governmental Units.

#### A. The Reporting Entity

Governmental Accounting Statement 14 established criteria for determining which component units should be considered part of the City of Marksville, Louisiana for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria includes:

1. Appointing a voting majority of an organization's governing body, and:
  - a. the ability of the City to impose its will on that organization and/or
  - b. the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City.
2. Organizations for which the City does not appoint a voting majority, but are fiscally dependent on the City.
3. Organizations for which the reporting entity financial statements would be misleading if the data of the organization is not included because of the nature of significance of the relationship.

Based upon the application of the above criteria, the following is a brief review of each potential component unit addressed in defining the City's reporting entity.

**CITY OF MARKSVILLE, LOUISIANA**

**Notes to Financial Statements, (Continued)  
June 30, 1996**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The following component unit has been presented as a blended component unit:

**Marksville Volunteer Fire Department**

The Marksville Volunteer Fire Department is governed by a group of volunteer citizens. The Marksville Volunteer Fire Department is not fiscally dependent on the City of Marksville; however, the City of Marksville includes revenues received and expenditures paid for the Fire Department as part of its general fund. The City of Marksville also provides for the Fire Department facilities and equipment and the Marksville Volunteer Fire Department provides public safety service almost exclusively to benefit the City of Marksville; therefore, these general purpose financial statements include expenditures incurred directly by the Marksville Volunteer Fire Department from public funds in a special revenue fund. These general purpose financial statements do not include operating expenditures paid with self-generated funds of the Marksville Volunteer Fire Department, which are immaterial for the fiscal year ended June 30, 1996.

The following organizations are related organizations which have not been included in the reporting entity:

**Marksville City Court**

The Marksville City Court is staffed by independently elected officials. Although the city does provide facilities and some of its financing, no control is exercised over its operations.

**Marksville Housing Authority**

The Marksville Housing Authority was chartered by the City of Marksville, and its board of directors is appointed by the Mayor. However, the City's oversight responsibilities in the management, operations and financial accountability of the authority are remote. The 1996 payment in lieu of taxes has not been recorded in the June 30, 1996 financial statements as the amount had not yet been determined.

**B. Fund Accounting**

The accounts of the City of Marksville are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

**CITY OF MARKSVILLE, LOUISIANA**

**Notes to Financial Statements, (Continued)  
June 30, 1996**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending financial statements in this report, into six generic fund types, three broad fund categories, and two account groups as follows:

**Governmental Funds**

**General Fund**

The General fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

**Special Revenue Funds**

Special revenue funds are used to account for the proceeds of specific revenue sources (other than special assessments or major capital projects) that are legally restricted to expenditures for specified purposes.

**Debt Service Funds**

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

**Capital Projects Funds**

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major facilities (other than those financed by proprietary fund, special assessment funds, and trust funds).

**Proprietary Funds**

**Enterprise Funds**

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**Fiduciary Funds**

**Trust and Agency Funds**

Trust and agency funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results or operations.

**CITY OF MARKSVILLE, LOUISIANA**

**Notes to Financial Statements, (Continued)  
June 30, 1996**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**General Fixed Assets Group**

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. These assets are recorded as expenditures in the governmental fund types when purchased. The City has elected not to capitalize public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, including streets, bridges, sidewalks, and drainage improvements. No depreciation has been provided on general fixed assets.

**General Long-Term Debt Group**

Long-term liabilities expected to be financed from governmental funds are accounted for in General Long-Term Debt Account Group.

**C. Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus.

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by all governmental funds and agency funds. The governmental funds use the following practices in recording revenues and expenditures:

Revenues are recognized when they become measurable and available as current assets.

Sales tax are considered as "measurable" when in the hands of the Sales Tax Collector and are recognized as revenue at that time. Ad valorem taxes are recognized as revenue in the year in which such taxes are billed and collected. Other major revenues that are considered susceptible to accrual include earned grant revenues and other intergovernmental revenues, charges for services, franchise fees and interest on investments. Licenses and permits are recognized when received because they are not objectively measurable. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except that principal and interest on general long-term debt is recognized as an expenditure when due.

All proprietary funds and non-expendable trust funds are accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The proprietary funds and non-expendable trust funds use the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized at the time liabilities are incurred.

## CITY OF MARKSVILLE, LOUISIANA

Notes to Financial Statements, (Continued)  
June 30, 1996

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

#### D. Unbilled utility services

Unbilled water and sewer revenues between the date of the last meter reading billed before the end of June and the reading at or near the end of June billed in July are accrued based on the July billing amounts.

#### E. Budget and budgetary accounting

The City follows these procedures in establishing the budgetary data reflected in these general purpose financial statements:

1. The Mayor, Finance Chairman, and Secretary-Treasurer prepare a proposed budget and submit same to the City Council no later than fifteen days to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the City Council.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended from time to time by the City Council. Such amendments were not material in relation to the original appropriations.
8. Budgetary control is exercised at the fund level.
9. The Marksville Volunteer Fire Department (a component unit of the City of Marksville) did not prepare or adopt a formal budget for the fiscal year ended June 30, 1996 as its expenditures were under \$250,000.

## CITY OF MARKSVILLE, LOUISIANA

Notes to Financial Statements, (Continued)  
June 30, 1996

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

#### F. Encumbrances

The City does not utilize encumbrance accounting.

#### G. Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the City may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the City may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost, which approximates market.

#### H. Bad debts

Uncollectible amounts due for customers' utility receivables are recognized as bad debts when they are no longer deemed collectable at the time information becomes available which would indicate the uncollectibility of the particular receivable. Uncollectible amounts at June 30, 1996 were \$8,045.

#### I. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables/payables. Receivables and payables between the primary government and discretely presented component units are disclosed separately from interfund balances as due to/from component units.

#### J. Advances to Other Funds

Noncurrent portions of long-term interfund loan receivables are reported as advances and are offset equally by a fund balance reserve account, which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

#### K. Inventories

Purchases of various operating supplies are regarded as expenditures at the time purchased, as inventories of such supplies ( if any ) are not recorded as assets at the end of the fiscal year due to immateriality.

#### L. Prepaid Items

The City of Marksville's financial statements do not include any prepaid items for the year ended June 30, 1996.

**CITY OF MARKSVILLE, LOUISIANA**

Notes to Financial Statements, (Continued)  
June 30, 1996

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**M. Restricted Assets**

Certain cash and investments balances in the enterprise funds are restricted because they represent customer meter deposits held on behalf of utility customers.

Also certain resources are set aside for repayment of enterprise fund revenue bonds and are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

**N. Compensated Absences**

The City of Marksville has the following policy regarding annual leave and sick leave:

**Annual Leave**

After 1 year of full time employment      10 days  
After 5 years of full time employment      15 days

An employee can accumulate up to 240 hours of annual leave. It is paid upon termination or retirement.

For the governmental fund types, the City's liability for accumulated unpaid vacation has been recorded in the general long-term debt group of accounts. For the proprietary fund type, the liability has been accrued within that fund. No payment is made for accrued and unused sick leave.

**O. Fixed Assets**

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on the proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives of the assets using the straight line method.

The estimated useful lives are as follows:

	<u>Sewer System</u>	<u>Water System</u>
Water Wells	-	50
Water Well Improvements	-	10
Meters	-	50
Pumps, Motors, Compressors	5	10
Lines & Other System Installations	50	50
Vehicles & Movable Equipment	3	5-3
Office Furniture & Fixtures	-	10

All fixed assets are reported at historical cost (cash plus trade-in allowances, if applicable). Donated fixed assets, if any, are stated at their estimated fair value on the date donated.



**CITY OF MARKSVILLE, LOUISIANA**

**Notes to Financial Statements, (Continued)  
June 30, 1996**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**O. Fixed Assets (continued)**

The City follows the policy of capitalizing interest as a component of the cost of property, plant, and equipment constructed for its own use. For the fiscal year ended June 30, 1996, \$54,000 of interest charges were capitalized on fixed assets acquired or constructed.

Depreciation expense on fixed assets used by proprietary funds for the fiscal year ended June 30, 1996 was \$223,088.

**P. Long-Term Obligations**

Long-term obligations expected to be financed from governmental funds are reported in the general long-term debt account group. Expenditures for principal and interest payments for long-term obligations are recognized in the governmental funds when due. Long-term obligations expected to be financed from proprietary fund operations are accounted for in those funds.

**Q. Contributed Capital**

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developer's, customers, or other funds when such resources are restricted for the acquisition or constructed from such resources. Contributed capital is amortized based on the depreciation recognized on that portion of the assets acquired or constructed from such resources.

**R. Interfund Transactions**

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers of the primary government are reported as operating transfers. Transfers between the primary government and discretely presented component units are reported separately from interfund transfers as transfers to/from component units.

**S. Total Columns on Combined Statements.**

Total columns on the combined statements - overview are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

CITY OF MARKSVILLE, LOUISIANA

Notes to Financial Statements, (Continued)  
June 30, 1996

**NOTE 2. CASH AND CASH EQUIVALENTS**

At June 30, 1996, the City has cash and cash equivalents (book balances) totaling \$2,512,078, as follows:

Cash on hand	\$ 2,748
Demand Deposits	352,422
Time Deposits	<u>2,156,908</u>
Total	<u>\$2,512,078</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 1996, the City has \$2,512,012 in deposits (collected bank balances). These deposits are secured from risk by \$400,000 of federal deposit insurance and \$2,133,984 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the City that the fiscal agent has failed to pay deposited funds upon demand.

**NOTE 3. RECEIVABLES**

Accounts receivables in the general fund consisted of the following at June 30, 1996:

Cable Franchise Fee	\$ 4,158
Electric Franchise Fee	<u>16,165</u>
	<u>\$20,323</u>

Intergovernmental receivables in the general fund at June 30, 1996 consisted of:

Tobacco Tax	\$ 7,017
Beer Tax	5,882
Fire Insurance	600
Police Fines	1,424
Video Poker	<u>3,856</u>
	<u>\$18,779</u>

Accounts receivable in the special revenue funds consisted of the following at June 30, 1996:

Sales Tax Revenue	<u>\$100,346</u>
-------------------	------------------

**CITY OF MARKSVILLE, LOUISIANA**

**Notes to Financial Statements, (Continued)  
June 30, 1996**

**NOTE 3. RECEIVABLES, Continued**

Accounts receivable in the enterprise funds consisted of the following at June 30, 1996:

Accounts Receivable:	
Water System Fund	\$ 40,626
Sewer Fund	17,135
Unbilled Receivables:	
Water System Fund	31,418
Sewer Fund	15,002
	<u>\$104,181</u>

**NOTE 4. INTERFUND RECEIVABLES, PAYABLES**

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 6,563	\$ 2,600
Special Revenue Funds:		
1 Cent Sales Tax Fund	1,631	-
1/2 Cent Sales Tax Fund	-	1,631
Capital Projects Funds:		
Sewer Improvement Project	15,636	-
Enterprise Funds:		
Water System Fund	2,835	-
Sewer System Fund	3,915	15,636
Trust and Agency Fund:		
Payroll Imprest Fund	-	10,713
	<u>\$ 30,580</u>	<u>\$ 30,580</u>

**NOTE 5. RESTRICTED ASSETS - PROPRIETARY FUNDS**

Restricted assets consisted of the following accounts at June 30, 1996:

Customer Meter Deposits	\$ 221,907
Bond and Interest Sinking Funds	48,230
Bond Reserve Funds	74,450
Depreciation and Contingencies Funds	53,821
Sewer Construction Account	1,329
	<u>\$ 399,737</u>

**CITY OF MARKSVILLE, LOUISIANA**

Notes to Financial Statements, (Continued)  
June 30, 1996

**NOTE 6. CHANGES IN GENERAL FIXED ASSETS**

A summary of changes in general fixed assets for the year ended June 30, 1996 is as follows:

	<u>Balance 6/30/95</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/96</u>
Land	\$ 155,979	\$ -	\$ -	\$ 155,979
Buildings	91,148	-	-	91,148
Improvements other than Buildings	61,070	-	-	61,070
Equipment	<u>544,742</u>	<u>22,742</u>	<u>-</u>	<u>567,484</u>
Total General Fixed Assets	<u>\$ 852,939</u>	<u>\$ 22,742</u>	<u>\$ -</u>	<u>\$ 875,681</u>

For the year ended June 30, 1996 the City expended \$9,803 on infrastructure assets.

A summary of enterprise fund type property, plant and equipment at June 30, 1996 follows:

	<u>Balance 6/30/95</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/96</u>
Land	\$ 77,440	\$ -	\$ -	\$ 77,440
Equipment	169,324	-	-	169,324
Utility Systems	8,841,032	2,043,628	-	10,884,660
Construction in progress	<u>1,858,408</u>	<u>197,682</u>	<u>2,043,628</u>	<u>12,462</u>
	10,946,204	<u>\$2,241,310</u>	<u>\$2,043,628</u>	11,143,886
Less: accumulated deprec	<u>(2,601,139)</u>	<u>223,088</u>	<u>-</u>	<u>(2,824,227)</u>
	<u>\$8,345,065</u>			<u>\$ 8,319,659</u>

**CITY OF MARKSVILLE, LOUISIANA**

**Notes to Financial Statements, (Continued)  
June 30, 1996**

**NOTE 7. INTERFUND TRANSFERS**

Transfers between funds for the year ended June 30, 1996, were:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund -		
1% Sales Tax Fund	\$ 233,200	\$ -
1/2% Sales Tax Fund	152,400	-
Water System Fund	5,000	-
Sewer System Fund	5,000	-
Special Revenue Funds:		
Capital Outlay Fund-		
1% Sales Tax Fund	6,811	-
1/2% Sales Tax Fund	2,197	-
Water System Fund	10,476	-
Debt Service Fund	16,344	-
1% Sales Tax Fund -		
General Fund	-	233,200
Capital Outlay Fund	-	6,811
Water System Fund	7,000	-
Debt Service Fund	-	248,388
1/2% Sales Tax Fund-		
General Fund	-	152,400
Capital Outlay Fund	-	2,197
Debt Service Fund	-	128,400
Debt Service Fund:		
Water and Sewer System		
Improvement Bonds -		
1% Sales Tax Fund	248,388	-
Capital Projects Fund	-	10,601
Street Improvements Bonds -		
Capital Outlay Fund	-	5,743
1/2% Sales Tax Fund	128,400	-
Water System Fund -		
General Fund	-	5,000
Capital Outlay Fund	-	10,476
1% Sales Tax Fund	-	7,000
Sewer System Fund -		
General Fund	-	5,000
	<u>\$ 815,216</u>	<u>\$ 815,216</u>

**CITY OF MARKSVILLE, LOUISIANA**

**Notes to Financial Statements, (Continued)  
June 30, 1996**

**NOTE 8. CONSTRUCTION IN PROGRESS**

Construction in progress of \$12,462 at June 30, 1996, represents expenditures on Sewer Systems Improvements accounted for in the Sewer System Fund, which is being financed by a \$800,000 Farmers Home Administration Grant.

**NOTE 9. CHANGES IN LONG-TERM DEBT**

The following is a summary of long-term debt transactions of the City for the year ending June 30, 1996:

**General Long Term Debt:**

	<u>Balance</u> <u>6/30/95</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/96</u>
General Obligation Bonds	\$3,422,000	\$ -	\$ 267,000	\$ 3,155,000
Compensated Absences	<u>41,698</u>	<u>7,579</u>	<u>-</u>	<u>49,277</u>
Total General Long Term-Debt	<u>\$3,463,698</u>	<u>\$ 7,579</u>	<u>\$ 267,000</u>	<u>\$ 3,204,277</u>

**Proprietary Fund Debt:**

Revenue Bonds	\$1,985,000	\$ -	\$ 31,581	\$ 1,953,419
Compensated Absences	<u>7,155</u>	<u>6,067</u>	<u>-</u>	<u>13,222</u>
Total Proprietary Fund Debt	<u>\$1,992,155</u>	<u>\$ 6,067</u>	<u>\$ 31,581</u>	<u>\$ 1,966,641</u>

Long-Term debt payable at June 30, 1996 is comprised of the following:

**General Obligation Bonds:**

\$700,000 Sewer System Improvement Bonds Dated December 27, 1982, due in annual installments of \$22,000 to \$58,000 through December 27, 2003 interest 5% per annum. Funded by 1% sales tax revenues. \$ 362,000

\$1,968,000 Water System Improvement Bonds dated December 27, 1982, due in annual installments of \$55,000 to \$146,000 through December 27, 2003; interest 5% per annum. Funded by 1% sales tax revenues. 993,000

\$1,100,000 Sales Tax Bonds, Series 1986 dated May 1, 1986 due in annual installments of \$35,000 to \$130,000 through May 1, 2001; interest at 11% - 7.75% per annum. Funded by 1/2% sales tax revenues. 545,000

**CITY OF MARKSVILLE, LOUISIANA**

Notes to Financial Statements, (Continued)  
June 30, 1996

**NOTE 9. CHANGES IN LONG-TERM DEBT, Continued**

**General Obligation Bonds (continued):**

\$329,900 Sewer System Improvement Bonds dated July 17, 1985 due in annual installments of \$9,900 to \$26,000 through July 17, 2003; interest 5% per annum. Funded by 1% sales tax revenues. 180,000

\$1,200,000 Sewer Improvement Bonds of Sewerage District Number One, dated August 1, 1992, due in annual installments of \$5,000 to \$100,000 through March 1, 2017; interest from 8.2% to 5.75% per annum. Funded by ad valorem taxes. 1,075,000

Total General Obligation Indebtedness \$3,155,000

**Revenue Bonds:**

\$1,100,000 Water Revenue Bonds, dated September 20, 1974 due to the Farmers' Home Administration in annual installments of \$15,000 to \$60,000 through January 1, 2014; interest at 5% annum; secured by and payable from proceeds of the water utility system. \$ 760,000

\$1,200,000 Sewer Revenue Bonds, dated February 22, 1995 due to Farmers' Home Administration in 468 monthly installments of \$5444 commencing March 1996 through February 2035; interest at 4 1/2 % annum; secured by and payable from the proceeds of the sewer utility system 1,193,419

Total Revenue Bonds Obligations \$1,953,419

**Compensated Absences:**

Probability of future payment under the benefits plan cannot be estimated for the basis of determining annual requirements. The amount of accrued compensated absences (long-term portion) is as follows:

Governmental funds	\$ 49,277
Proprietary funds	<u>13,222</u>
Total accrued compensated absences	<u>\$ 62,499</u>

The annual requirements to amortize all long-term debt (excluding compensated absences) outstanding at June 30, 1996 including interest payments of \$2,931,093 follows:

<u>Year Ending</u> <u>June 30</u>	<u>General</u> <u>Obligation</u>	<u>Revenue</u>	<u>Total</u>
1997	478,938	128,376	607,314
1998	477,988	132,126	610,114
1999	476,838	130,626	607,464
2000	480,415	129,126	609,541
2001	486,310	132,626	618,936
2002-2035	<u>1,961,478</u>	<u>3,024,665</u>	<u>4,986,143</u>
Total	<u>\$4,361,967</u>	<u>\$3,677,545</u>	<u>\$8,039,512</u>

**CITY OF MARKSVILLE, LOUISIANA**

Notes to Financial Statements, (Continued)  
June 30, 1996

**NOTE 10. AD VALOREM TAXES**

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the City in September or October and are actually billed to the taxpayers in October. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed.

The City bills and collects its own property taxes using the assessed values determined by the tax assessor of Avoyelles Parish.

For the year ended June 30, 1996, taxes of 14.66 mills were levied on property with assessed valuations totaling \$13,785,130 and were dedicated as follows:

General corporate purposes	5.83 mills
Debt service	8.01 mills

Total taxes levied were \$190,786. Ad valorem taxes receivable at June 30, 1996 were \$123.

**NOTE 11. DEDICATION OF SALES TAX REVENUES AND SINKING FUND REQUIREMENTS**

**1% Sales and Use Tax**

In November 1978, the voters of the City of Marksville approved a one percent sales and use tax for a period of twenty-five years from the date of the first levy, January 1, 1979. Proceeds of the tax, after payment of necessary collection expenses, are dedicated to constructing, acquiring, extending, improving, operating and/or maintaining sewers and sewerage disposal facilities, and streets, or any one or more of said purposes, in that order. Proceeds of the tax may also be used for payment of bonds issued in connection with the construction, acquisition, extension and/or improvement of sewers and sewerage disposal facilities, waterworks facilities, and streets.

Collection of the 1% sales and use tax during the fiscal year ended June 30, 1996 totaled \$748,649.

Resolutions adopted by Mayor and Council on November 19, 1982 authorized the issuance of \$1,968,000 of Public Improvement Bonds; on March 8, 1993 authorizing the issuance of \$700,000 of Public Improvement Bonds; and on May 8, 1984 authorized the issuance of \$329,900 Public Improvement Bonds. These resolutions require that the avails of proceeds of the one percent (1%) sales and use tax shall be deposited with the City's regularly designated fiscal agent bank in a Sales Tax Fund. After payment of all reasonable and necessary costs and expenses of collecting the tax, certain transfers must be made from the Sales Tax Fund to the Sales Tax Bond Sinking Fund and the Sales Tax Bond Reserve Fund on a monthly basis on or before the 20th day of each month.

The transfers into the Sales Tax Bond Sinking Fund should be made in an amount equal to 1/12 of the total amount of principal and interest falling due in the ensuing year.

The transfers into the Sales Tax Bond Reserve Fund should be made in an amount equal to five percent (5%) of the amount paid into the Sinking Fund until there is on deposit the sum of \$241,500.

For the fiscal year ended June 30, 1996, the City made all required transfers to the above funds.



**CITY OF MARKSVILLE, LOUISIANA**

**Notes to Financial Statements, (Continued)**  
**June 30, 1996**

**NOTE 11. DEDICATION OF SALES TAX REVENUES AND SINKING FUND REQUIREMENTS**  
**(continued)**

**1/2% Sales and Use Tax**

On November 4, 1980, voters of the City of Marksville approved the levy and collection of an additional 1/2% sales and use tax. Proceeds of this tax, after payment of necessary collection expenses, are dedicated to constructing, acquiring, extending, improving, operating and maintaining a sanitary landfill and solid waste disposal system for the City, including the purchase of the necessary equipment.

The tax was levied as of January 1, 1981 and collections during the fiscal year ended June 30, 1996 totaled \$374,325.

On October 19, 1995, the City voted in a special election to approve the rededication of the 1/2% sales and use tax to be used for the purpose of constructing, acquiring, extending, improving and maintaining streets for the City, including incidental drainage thereto. This rededication came about as a result of a parish wide 1% sales tax to fund a parish wide solid waste disposal system thereby relieving the City of the need to maintain its own system.

The 1986 issue of \$1,100,000 of Sales Tax Bonds requires certain transfers to be made to a Sinking Fund and a Reserve Fund on a monthly basis. The transfers into the Sinking Fund should be made in an amount equal to 1/12 of the total amount of principal and interest falling due in the ensuing year. For the fiscal year ended June 30, 1996, the City made all required transfers to this fund.

There must be deposited and retained in the Reserve Fund a sum equal to the highest combined principal and interest requirements for any succeeding fiscal year which amounts to \$140,075. At June 30, 1996 the Reserve Fund balance totaled \$142,189.

**NOTE 12. FLOW OF FUNDS: RESTRICTION ON USE - WATER SYSTEM REVENUES**

Under the terms of the indenture for outstanding Water Revenue Bonds, all income and revenues of the Water System are pledged and dedicated to the retirement of said bonds and are to be deposited in a separate Revenue Fund bank account. The money in this account is to be disbursed as follows:

1. To pay all reasonable and necessary expenses of administering, operating, repairing, and insuring the system.
2. To establish a Waterworks Revenue Bond and Interest Sinking Fund and to transfer thereto, no later than the 20th day of each month, 1/12 of the principal and interest falling due on January 1 of each year. During the fiscal year ended June 30, 1996 the City of Marksville made all required transfer to this fund.

**CITY OF MARKSVILLE, LOUISIANA**

**Notes to Financial Statements, (Continued)**  
**June 30, 1996**

**NOTE 12. FLOW OF FUNDS: RESTRICTION ON USE - WATER SYSTEM REVENUES, Continued**

3. To establish a Waterworks Reserve Fund and to transfer thereto, no later than the 20th day of each month, a sum at least equal to 5% of the amount to be paid into the Waterworks Revenue Bond and Interest Sinking Fund each month, until such time as there has been accumulated in the fund a sum of \$67,250. The money in this fund is to be retained solely for the purpose of paying the principal and interest on the Water Revenue bonds which cannot be paid from the sinking fund noted in the preceding paragraph. At June 30, 1996 the Waterworks Reserve Fund balance totaled \$71,942.
4. To establish a Waterworks Depreciation Fund to care for depreciation, extensions, additions, improvements and replacements necessary to properly operate the System, and to transfer thereto, no later than the 20th day of each month, the sum of \$270. During the fiscal year ended June 30, 1996 the City of Marksville made all required transfers to this fund.

The balance of the excess funds on deposit in the Revenue Fund account, after payment of all items noted above, may used for the purposes of calling and/or paying bonds or for such other lawful corporate purposes as the governing authority of the City may determine, whether or not such purposes are related to the water system.

All or any part of the monies on reserve in any of the above funds may be invested in direct obligations of the United States of America maturing in five years or less, and all income earned on such investments shall be added to the respective fund from which the investment was made.

**NOTE 13. FLOW OF FUNDS: RESTRICTION ON USE - SEWER SYSTEM REVENUES**

Under the terms of the indenture for outstanding Sewer Revenue Bonds, all income and revenues of the Sewer System are pledged and dedicated to the retirement of said bonds and are to be deposited in a separate Revenue Fund bank account. The money in this account is to disbursed as follows:

1. To pay all reasonable and necessary expenses of administering, operating, repairing, and insuring the system.
2. To establish a Sewer Revenue Bond and Interest Sinking Fund and to transfer thereto, no later than the 20th day of each month, the principal and interest falling due on the next principal and interest payment date. During the fiscal year ended June 30, 1996 the City of Marksville made all required transfers to this fund.
3. To establish a Sewer Reserve Fund and to transfer thereto, no later than the 20th day of each month, a sum at least equal to 5% of the amount to be paid into the Sewer Revenue Bond and Interest Sinking Fund each month, until such time as there has been accumulated in the fund a sum of \$65,376. The money in this fund is to be retained solely for the purpose of paying the principal and interest on the Sewer Revenue bonds which cannot be paid from the sinking fund noted in the preceding paragraph. As June 30, 1996 the Sewer Reserve Fund was not required to be funded, as funding commences with the month following completion of acceptance of the improvements and extensions financed with the proceeds of the bonds. However, as of June 30, 1996, the Sewer Revenue Bonds Reserve Fund Balance totaled \$2,508.

## CITY OF MARKSVILLE, LOUISIANA

Notes to Financial Statements, (Continued)  
June 30, 1996

### NOTE 13. FLOW OF FUNDS: RESTRICTION ON USE - SEWER SYSTEM REVENUES, Continued

4. To establish a Sewer Revenue Bonds Contingency Fund to care for depreciation, extensions, additions, improvements and replacements necessary to properly operate the System, and to transfer thereto, no later than the 20th day of each month, the sum of \$297. As of June 30, 1996 the Sewer Reserve Fund was not required to be funded, as funding commences with the month following completion of acceptance of the improvements and extensions financed with the proceeds of the bonds. However, as of June 30, 1996 the Sewer Revenue Bonds Contingency Fund totaled \$2,508.

The balance of the excess funds on deposit in the Revenue Fund account, after payment of all items noted above, may used for the purposes of calling and/or paying bonds or for such other lawful corporate purposes as the governing authority of the City may determine, whether or not such purposes are related to the water system.

All or any part of the monies on reserve in any of the above funds may be invested in direct obligations of the United States of America maturing in five years or less, and all income earned on such investments shall be added to the respective fund from which the investment was made.

### NOTE 14. RETIREMENT COMMITMENTS

All employees (excluding elected officials) of the City of Marksville are members of the social security system. The City Judge is a member of the Louisiana State Employees Retirement System and policemen are eligible to participate in the Municipal Police Employees Retirement System of Louisiana. These systems are multiple-employer (cost sharing), public employee retirement systems (PERS), controlled and administered by separate boards of trustees. Pertinent information relative to each plan follows:

#### A. Louisiana State Employees Retirement System

**Plan Description.** The Louisiana State Employees' Retirement System provides retirement benefits as well as disability and survivor benefits. Benefits are established and amended by state statute. Benefits granted by the LASERS are guaranteed by the State of Louisiana under provisions of the Louisiana Constitution of 1974. The LASERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Louisiana State Employees' Retirement, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (504) 922-0600.

**Funding Policy.** Plan members of the City of Marksville are required by state statute to contribute 11.5 percent of their annual covered salary and the City of Marksville, is required to contribute at an actuarially determined rate. The current employer rate is 12.4 percent of annual covered payroll. The contributions requirements of plan members and the City of Marksville, are established and may be amended by state statute. As provided by state statute, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The employer contributions to the LASERS for the years ending June 30, 1996, 1995, and 1994, were \$298, \$286, and \$286, respectively, equal to the required contributions for each year.

## CITY OF MARKSVILLE, LOUISIANA

Notes to Financial Statements, (Continued)  
June 30, 1996

### NOTE 14. RETIREMENT COMMITMENTS, Continued

#### B. Municipal Police Employees Retirement System of Louisiana (System)

**Plan Description.** All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 percent of their final-average salary over the 36 consecutive or final-average salary in the employee's average salary over 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (504) 929-7411.

**Funding Policy.** Plan members are required by state statute to contribute 7.5 percent of their annual covered salary and the City of Marksville is required to contribute at an actuarially determined rate. The current rate is 9.0 percent of annual covered payroll. The contribution requirements of plan members and the City of Marksville, are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City of Marksville, contributions to the System for the years ending June 30, 1996, 1995, and 1994, were \$2,218, \$1,674, and \$3,105, respectively, equal to the required contributions for each year.

### NOTE 15. RESERVATION AND DESIGNATION OF FUND EQUITY

#### Governmental Funds:

The unreserved fund balances for governmental funds represent the amount available for budgeting future operations. Reservations of fund balances of governmental funds are created to either (1) satisfy legal covenants that require that a portion of the fund balance be segregated or (2) to identify the portion of the fund balance that is not appropriable for future expenditures. Designations are established to indicate tentative plans for financial resources utilization in a future period. Specific reservations and designations of the fund balance accounts are summarized below.

Reserved for Debt Service - this reserve is created by the legal restriction of bond agreements requiring the City to segregate a portion of fund balance to service principal and interest payments on general obligation bonds.

CITY OF MARKSVILLE, LOUISIANA

Notes to Financial Statements, (Continued)  
June 30, 1996

NOTE 15. RESERVATION AND DESIGNATION OF FUND EQUITY, (CONTINUED)

Designated for Subsequent Year Expenditures - Fund balance of \$15,136 has been designated for construction expenditures relating to Department of Transportation and Development Grant Project #508-05-55, awarded for the purpose of replacing the sewer line on South Preston Street. This amount represents the excess grants receipts over project expenditures to date. The projects is expected to be resumed in the future. In the event that the funds are needed elsewhere, prior approval must be obtained from the Department of Transportation and Development before expended for an other purpose other than as designated.

Proprietary Funds:

Unreserved retained earnings for proprietary funds represent the net assets available for future operations or distributions.

Reservations of retained earnings of Enterprise Funds are created by increases in assets restricted for a certain use. These increases result from earnings on restricted assets and other interfund transfers to restricted accounts. Earnings on restricted assets are included in net income of the Enterprise Funds. When reserved retained earnings are increased there is an equal reduction to the portion of retained earnings that is unreserved. Designations are established to indicate tentative plans for financial resource utilization in a future period. Specific reservations and designations of retained earnings are described below:

Reserved for Revenue Bond Retirement - This represents amounts required to be held in sinking, reserve, and depreciation and contingency funds in accordance with the revenue bond agreements.

NOTE 16. FRANCHISE AGREEMENTS

The City entered into franchise agreements with various public utility companies that provide services within the corporate limits of the City. A summary of each such agreements follows:

Louisiana Power and Light Company - (LP&L) - effective October 14, 1980 for a period of twenty-five (25) years. Franchise fees based on two percent (2%) of the gross receipts from the sale and delivery of electric energy for residential and commercial purposes billed on commercial and residential rates within the limits of the City of Marksville. Fees are payable quarterly within thirty (30) days of the end of the quarter.

Simmons Cablevision - effective January 13, 1987 for a period of fifteen (15) years. The franchise fee is based on three percent (3%) of gross subscription receipts, less state sales taxes, federal excise tax and copyright received by the company within the City limits. Fees are payable to the City quarterly, by the 10th of the month following quarter end.

Entex, A division of Arkla, Inc. - effective October 13, 1992 for a period of twenty-five (25) years. The franchise fee is based on four percent (4%) of the gross receipts from the sale of gas for residential and commercial rates within the limits of the City of Marksville. Fees for the calendar year are payable by the 10th day of each February for the preceding year.

**CITY OF MARKSVILLE, LOUISIANA**

**Notes to Financial Statements, (Continued)  
June 30, 1996**

**NOTE 17. SALES TAX COLLECTION AGREEMENT**

On June 15, 1993, the City of Marksville entered into an intergovernmental agreement with the Avoyelles Parish School Board for a one year period commencing on July 1, 1993 whereby the School Board will collect the sales and use taxes, including interest, penalties, fees and cost, levied by the City of Marksville under the City's ordinances for a monthly fee of 1 1/2% of the gross tax revenues collected by the School Board. The School Board will remit the sales tax collections to the City of Marksville on a monthly basis no later than the 10th day of each month after reasonable and necessary cost and expenses of collection in administration of the taxes have been deducted, including the collection fee. This agreement is renewed annually on July 1, and has been renewed as of July 1, 1996.

**NOTE 18. SEWER SYSTEM UPGRADE ORDER**

Presently the City of Marksville is under a court order issued by the Twelfth Judicial District Court for the Parish of Avoyelles, State of Louisiana to upgrade its sewer system. The total estimated cost of developing a sewer improvement plan to comply with this order is \$3,200,000.

During the fiscal year ended June 30, 1996, the City of Marksville completed sewer lift station renovations, sewer line repairs, sewer line replacements on Spring Bayou Road, and other sewer improvements on various phases. The City of Marksville is continuing to develop sewer improvements.

**NOTE 19. OTHER AGREEMENTS**

**Sewerage District No. 1**

On July 14, 1992, the Marksville City Council authorized the execution of an agreement between the City of Marksville and Sewerage District No. One of the City of Marksville in connection with the financing, acquisition, construction, improvement, extension and maintenance of sewerage systems in certain portions of said Sewerage District (as disclosed in Note 18) whereby: (1) the total cost of the Project shall be financed by the District's issuance of \$1,200,000 of its General Obligation Bonds, Series 1992, the City's issuance of its \$1,200,000 Sewer Revenue Bonds and the proceeds of a \$800,000 grant from FmFHA, which will be deposited in a special construction fund and expended on project costs as authorized by the Mayor and City Council of the City of Marksville (2) all construction contracts entered into for the Project will be in the name of the City (3) all sewerage properties and facilities to be financed, acquired and constructed as part of this Project will be owned by the District and the City in the percentages representing that portion of the total cost of the Project paid for by each and shall be operated and maintained by the City as long as the City operates and maintains a sewerage system (4) the City shall have complete power and authority to charge any and all users of such sewerage properties and facilities at such rates and charges or penalties in the manner the City elects.

**CITY OF MARKSVILLE, LOUISIANA**

**Notes to Financial Statements, (Continued)**  
**June 30, 1996**

**NOTE 19. OTHER AGREEMENTS, CONTINUED**

**Tunica Biloxi Indian Tribe**

On March 22, 1996, the City of Marksville entered into an intergovernmental agreement with the Tunica Biloxi Indian Tribe of Louisiana regarding construction of sewerage disposal system. The City will build, construct, and supply facilities capable of accepting 430,000 gallons of sewage daily from the casino project. The Tribe will pay up to \$900,000 in aggregate to purchase necessary lands and construct facilities as required by the agreement. The Tribe will deposit \$1,000,000 in trust, from which the City will draw funds for the costs of the project.

Upon acceptance of a construction contract, the Tribe will pay the City \$100,000, which is non-refundable. When the sewer system begins accepting 90,000 gallons per day of sewage discharge from the casino project, the Tribe will pay the City \$100,000, which is non-refundable. When a certificate of substantial completion is issued, the Tribe will pay the City: \$100,000; \$12,000 per month for system operations; periodic testing; and future improvements as specified in the agreement.

The City's obligation to accept sewage from the casino project will be for 15 years from the date the City begins accepting sewage under the agreement. An addendum to the agreement specifying commencement and ending dates will be signed within the first 10 days of from acceptance by the City.

As of June 30, 1996, and until the sewerage project is complete and the substantial completion certificate signed, the City will continue to accept sewage from the casino project under the provisions of the Thirty Day Sewage Agreement dated July 18, 1994, which provides for the following:

The Tribe will pay a charge of \$14,150 per month for sewer services which provides that the tribe will pump a maximum of 60,000 gallons per day in the City sewer system. Any amounts in excess 60,000 gallons is pumped into a separate holding facility and independently disposed of by the Tribe. Also, the Tribe will reimburse the City for overtime wages, engineering and legal fees, and certain percentages of repairs and breakdowns relative to accepting sewage discharge from the casino project.

**NOTE 20. CONTRACTS AND COMMITMENTS**

On November 9, 1993 the City of Marksville entered into a construction contract with P.D.S. Construction Co. in the amount of \$268,116 for the sewer improvements - Phase VI, Spring Bayou Road. This contract is to be funded with grant proceeds from a Demonstrated Needs Louisiana Community Development Block Grant and 1% sales tax proceeds. As of June 30, 1996, \$268,116 of the contract had been billed.

On May 23, 1994 the City of Marksville entered into a construction contract with Trek, Inc. in the amount of \$1,878,129 for the installation of a force main from the main sewer pumping station to the oxidation pond and the discharge point on the Red River. During the fiscal years ended June 30, 1996 and 1995, change orders decreased the contract amount to \$1,719,385. This contract is to be funded with 1995 sewer revenue bond proceeds of \$1,200,000, the LCDBG grant of \$487,668 and the FHA grant of \$800,000. As of June 30, 1996 \$1,719,385 of the contract had been billed.

CITY OF MARKSVILLE, LOUISIANA

Notes to Financial Statements, (Continued)  
June 30, 1996

NOTE 20. CONTRACTS AND COMMITMENTS, Continued

On June 23, 1994 the City of Marksville entered into a construction contract with Gilchrist Construction Co., Inc. in the amount of \$374,120 for the paving and improvement of drainage on Andrus Street. This contract is to be funded with 1995 sewer revenue bond proceeds of \$1,200,000, the LCDBG grant of \$487,668 and the FHA grant of \$800,000. As of June 30, 1996 \$374,120 of the contract had been billed.

On December 4, 1995, the City entered into a construction contract with Arrowhead Contractors in the amount of \$13,846 for sewer improvements - Phase IX, Project A, replacing sewer mains beneath LA Highway 107 at Spring Bayou. During the fiscal years ended June 30, 1996, change orders increased the contract amount to \$27,746. This contract is to be funded by the FHA grant of \$800,000. As of June 30, 1996, \$12,461 of the contract had been billed.

On February 15, 1996, the City entered into a construction contract with G.A.L. Construction Co, Inc. in the amount of \$18,500 for sewer improvements - Phase IX, Project B. This contract is to be funded by the FHA grant of \$800,000. As of June 30, 1996, none of the contract had been billed.

On April 15, 1996, the City entered into a construction contract with Arrowhead Contractors in the amount of \$56,063 for the construction of the Recreation Complex, Phase I. This contract is to be funded by the General Fund and a grant from the Louisiana State Bureau of Outdoor Recreation. As of June 30, 1996, \$2,803 of the contract had been billed.

NOTE 21. COMPENSATION OF ELECTED OFFICIALS

A detail of compensation paid to elected officials for the year ended June 30, 1996 follows:

	<u>Compensation</u>	<u>Term Expires</u>
John Ed Laborde, Mayor	\$ 3,795	June 30, 1998
Councilmen:		
Malcolm Baudin, Mayor ProTem	2,175	June 30, 1998
Janet Gros	2,175	June 30, 1998
Madeline McGlory	2,175	June 30, 1998
Alfred W. Channel	2,110	June 30, 1998
Dennis Decuir	<u>2,110</u>	June 30, 1998
	<u>\$ 14,540</u>	

NOTE 22. FEDERAL FINANCIAL ASSISTANCE

On April 12, 1994, the City of Marksville, Louisiana was awarded an \$800,000 water or sewage disposal system grant by the U S Department of Agriculture Farmers Home Administration. As of June 30, 1996 the City has expended \$407,218 under this grant.



## CITY OF MARKSVILLE, LOUISIANA

Notes to Financial Statements, (Continued)  
June 30, 1996

### NOTE 23. CONTINGENCIES

The City has elected not to carry General Liability Insurance coverage and is presently carrying only auto liability, property insurance and workmen's compensation insurance. The potential loss to the City of Marksville for any damage awarded under an uninsured claim is undeterminable. At June 30, 1996, any pending litigation or unsettled claims against the City of Marksville were immaterial.

### NOTE 24. SUBSEQUENT EVENTS

#### 1/2% Sales and Use Tax

On July 20, 1996, voters of the City of Marksville, Louisiana approved the levy and collection of an additional 1/2% sales and use tax. Proceeds of this tax, after payment of necessary collection expenses, are dedicated to the payment of salaries and other personnel costs related to fire protection and police protection and acquiring, constructing, improving, maintaining, and operating fire protection and police facilities and equipment.

The tax will be levied effective October 1, 1996 for a period of twenty (20) years. The proceeds of the 1/2% sales and use tax will be dedicated to paying the \$1,520,000 sales tax bonds to be issued February 1, 1997.

#### \$1,520,000 Sales Tax Bonds

On December 9, 1996, the City of Marksville, Louisiana accepted the bid from J. D. Bradford & Company for the purchase of \$1,520,000 of Sales Tax Bonds, Series 1997. The bonds will be dated February 1, 1997 and are twenty year bonds. The bonds will mature serially on December 1 of each year and interest will be payable on June 1 and December 1 of each year, beginning June 1, 1997 at rates varying from 4.9% to 8%.

The proceeds of the bonds will be used for the purpose of acquiring, constructing, and improving, fire protection and police facilities and equipment for the City of Marksville, funding a reserve for the bonds, and paying issuance costs of the bonds.

The bonds will be paid from the proceeds of the 1/2% sales and use tax levied effective October 1, 1996.

**SUPPLEMENTARY INFORMATION**

### SPECIAL REVENUE FUNDS

- Capital Outlay Fund - To account for monies appropriated from various funds of the City to be used to finance the acquisition of capital assets. This fund was established during the fiscal year ended June 30, 1988.
- 1% Sales Tax Fund - To account for the collection of a 1% sales and use tax and its subsequent disbursement in accordance with the sales tax dedication.
- 1/2% Sales Tax Fund - To account for the collection of a 1/2% sales and use tax and its subsequent disbursement in accordance with the sales tax dedication.
- VFD Fund - To account for the activities of the Marksville Volunteer Fire Department (a component unit of the City of Marksville).

CITY OF MARKSVILLE, LOUISIANA  
 Combining Balance Sheet  
 Special Revenue Funds  
 June 30, 1996

	Capital Outlay Fund	1% Sales Tax Fund	1/2% Sales Tax Fund	Volunteer Fire Department
<b>ASSETS</b>				
Cash and cash equivalents	\$ 64,283	\$ 451,966	\$ 145,945	\$ 13,867
Accounts receivable	-	66,897	33,449	-
Due from other funds	-	1,631	-	-
<b>TOTAL ASSETS</b>	<b>\$ 64,283</b>	<b>\$ 520,494</b>	<b>\$ 179,394</b>	<b>\$ 13,867</b>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Accounts payable	-	919	460	-
Due to other funds	-	-	1,631	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>919</b>	<b>2,091</b>	<b>-</b>
<b>FUND BALANCE</b>				
Fund balance	64,283	519,575	177,303	13,867
<b>TOTAL FUND BALANCE</b>	<b>64,283</b>	<b>519,575</b>	<b>177,303</b>	<b>13,867</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 64,283</b>	<b>\$ 520,494</b>	<b>\$ 179,394</b>	<b>\$ 13,867</b>

Memorandum Only Current Year		Memorandum Only Prior Year	
\$	676,061	\$	298,534
	100,346		90,219
	1,631		1,631
<hr/>		<hr/>	
\$	778,038	\$	390,384
<hr/>		<hr/>	
\$	1,379	\$	1,211
	1,631		1,631
<hr/>		<hr/>	
	3,010		2,842
<hr/>		<hr/>	
	775,028		387,542
<hr/>		<hr/>	
	775,028		387,542
<hr/>		<hr/>	
\$	778,038	\$	390,384
<hr/>		<hr/>	

**CITY OF MARKSVILLE, LOUISIANA**  
**Combining Statement of Revenues, Expenditures,**  
**And Changes in Fund Balance**  
**Special Revenue Funds**  
**Year Ended June 30, 1996**

	Capital Outlay Fund	1% Sales Tax Fund	1/2% Sales Tax Fund	Volunteer Fire Department
<b>REVENUES</b>				
Taxes	-	748,649	374,325	10,800
Miscellaneous revenues	1,322	10,987	3,381	-
<b>TOTAL REVENUES</b>	<b>1,322</b>	<b>759,636</b>	<b>377,706</b>	<b>10,800</b>
<b>EXPENDITURES</b>				
General government	-	14,010	7,956	530
Capital outlay	-	7,000	-	3,913
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>21,010</b>	<b>7,956</b>	<b>4,443</b>
Excess (deficiency) of revenues over expenditures	1,322	738,626	369,750	6,357
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating Transfers In	35,828	7,000	-	-
Operating transfers out	-	(488,399)	(282,997)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>35,828</b>	<b>(481,399)</b>	<b>(282,997)</b>	<b>-</b>
Excess (deficiency) of revenues over expenditures and other sources (uses)	37,150	257,227	86,753	6,357
Fund Balances at beginning of year	27,133	262,348	90,550	7,510
<b>Fund Balances at end of year</b>	<b>\$ 64,283</b>	<b>\$ 519,575</b>	<b>\$ 177,303</b>	<b>\$ 13,867</b>

Memorandum Only Current Year		Memorandum Only Prior Year	
\$	1,133,774 15,690	\$	1,074,755 8,711
	1,149,464		1,083,466
	22,496 10,913		41,497 438,523
	33,409		480,020
	1,116,055		603,446
	42,828 (771,396)		147,295 (840,570)
	(728,568)		(693,275)
	387,487		(89,829)
	387,541		477,371
\$	775,028	\$	387,542

CITY OF MARKSVILLE, LOUISIANA  
 CAPITAL OUTLAY FUND  
 Statement of Revenues, Expenditures, and Changes in Fund Balance  
 Budget (GAAP Basis) and Actual  
 Year Ended June 30, 1996

	Budget	Actual	Variance— favorable (unfavorable)
<b>REVENUES</b>			
Miscellaneous revenues	\$ 4,000	\$ 1,322	\$ (2,678)
<b>TOTAL REVENUES</b>	<u>4,000</u>	<u>1,322</u>	<u>(2,678)</u>
<b>EXPENDITURES</b>			
General government	-	-	-
Capital outlay	44,600	-	44,600
<b>TOTAL EXPENDITURES</b>	<u>44,600</u>	<u>-</u>	<u>44,600</u>
Excess (deficiency) of revenues over expenditures	<u>(40,600)</u>	<u>1,322</u>	<u>41,922</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating Transfers In	40,600	35,828	(4,772)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>40,600</u>	<u>35,828</u>	<u>(4,772)</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	-	37,150	37,150
Fund Balances at beginning of year	-	27,133	27,133
Fund Balances at end of year	<u>\$ -</u>	<u>\$ 64,283</u>	<u>\$ 64,283</u>



CITY OF MARKSVILLE, LOUISIANA  
**1% SALES TAX FUND**  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget (GAAP Basis) and Actual  
Year Ended June 30, 1996

	Budget	Actual	Variance— favorable (unfavorable)
<b>REVENUES</b>			
Taxes	\$ 700,000	\$ 748,649	\$ 48,649
Miscellaneous revenues	7,000	10,987	3,987
<b>TOTAL REVENUES</b>	<u>707,000</u>	<u>759,636</u>	<u>52,636</u>
<b>EXPENDITURES</b>			
General government	18,500	14,010	4,490
Capital outlay	3,000	7,000	(4,000)
<b>TOTAL EXPENDITURES</b>	<u>21,500</u>	<u>21,010</u>	<u>490</u>
Excess (deficiency) of revenues over expenditures	<u>685,500</u>	<u>738,626</u>	<u>53,126</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating Transfers In	-	7,000	7,000
Operating transfers out	(480,550)	(488,399)	(7,849)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(480,550)</u>	<u>(481,399)</u>	<u>(849)</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	<u>204,950</u>	<u>257,227</u>	<u>52,277</u>
Fund Balances at beginning of year	-	262,348	262,348
Fund Balances at end of year	<u>\$ 204,950</u>	<u>\$ 519,575</u>	<u>\$ 314,625</u>

CITY OF MARKSVILLE, LOUISIANA  
 1/2% SALES TAX FUND  
 Statement of Revenues, Expenditures, and Changes in Fund Balance  
 Budget (GAAP Basis) and Actual  
 Year Ended June 30, 1996

	Budget	Actual	Variance— favorable (unfavorable)
<b>REVENUES</b>			
Taxes	\$ 350,000	\$ 374,325	\$ 24,325
Miscellaneous revenues	1,500	3,381	1,881
<b>TOTAL REVENUES</b>	<u>351,500</u>	<u>377,706</u>	<u>26,206</u>
<b>EXPENDITURES</b>			
General government	5,250	7,956	(2,706)
Capital outlay	1,500	-	1,500
<b>TOTAL EXPENDITURES</b>	<u>6,750</u>	<u>7,956</u>	<u>(1,206)</u>
Excess (deficiency) of revenues over expenditures	<u>344,750</u>	<u>369,750</u>	<u>25,000</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers out	(282,300)	(282,997)	(697)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(282,300)</u>	<u>(282,997)</u>	<u>(697)</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	<u>62,450</u>	<u>86,753</u>	<u>24,303</u>
Fund Balances at beginning of year	-	90,550	90,550
<b>Fund Balances at end of year</b>	<u>\$ 62,450</u>	<u>\$ 177,303</u>	<u>\$ 114,853</u>

## DEBT SERVICE FUNDS

### Water and Sewer System Improvement Bonds -

To accumulate monies for repayment of the \$1,968,000 Water System Improvements 1982-B series bonds, \$700,000 Sewer System Improvement 1982-A series bonds and the \$329,900 Sewer System Improvement 1985-A series bonds, which are to be paid from 1% Sales Tax Fund revenues for which proceeds were dedicated to Water, Sewer or Street Improvements.

### Street Improvement Bonds -

To accumulate monies for repayment of the \$1,100,000 Sales Tax Bonds, Series 1986, which are to be paid from 1/2% Sales Tax Fund revenues for which proceeds were dedicated to Street Improvement.

### Sewer Improvement Bonds -

To accumulate monies for repayment of the \$1,200,000 Sewer System Improvements, Series 1992, which are financed by a specially dedicated property tax levy.

CITY OF MARKSVILLE, LOUISIANA  
 COMBINING BALANCE SHEET  
 DEBT SERVICE FUNDS  
 JUNE 30, 1996

	Water and Sewer Improvement Bonds	Street Improvement Bonds	Sewer Improvement Bonds	Memorandum Only Current Year
<b>ASSETS</b>				
Cash and cash equivalents	\$ 322,327	\$ 164,104	\$ 58,048	\$ 544,479
<b>TOTAL ASSETS</b>	<b>\$ 322,327</b>	<b>\$ 164,104</b>	<b>\$ 58,048</b>	<b>\$ 544,479</b>
<b>FUND BALANCE</b>				
Fund balance				
Reserved for Debt Service	\$ 322,327	\$ 164,104	\$ 58,048	\$ 544,479
<b>TOTAL FUND BALANCE</b>	<b>322,327</b>	<b>164,104</b>	<b>58,048</b>	<b>544,479</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 322,327</b>	<b>\$ 164,104</b>	<b>\$ 58,048</b>	<b>\$ 544,479</b>

Memorandum Only  
Prior Year

---

\$ 529,894

---

\$ 529,894

---

\$ 529,894

---

529,894

---

\$ 529,894

---

**CITY OF MARKSVILLE, LOUISIANA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 DEBT SERVICE FUNDS  
 YEAR ENDED JUNE 30, 1996**

	Water and Sewer Improvement Bonds	Street Improvement Bonds	Sewer Improvement Bonds	Memorandum Only Current Year
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ 110,367	\$ 110,367
Miscellaneous revenues	11,088	5,829	1,770	18,687
<b>TOTAL REVENUES</b>	<b>11,088</b>	<b>5,829</b>	<b>112,137</b>	<b>129,054</b>
<b>EXPENDITURES</b>				
Debt service	236,350	128,350	110,213	474,913
<b>TOTAL EXPENDITURES</b>	<b>236,350</b>	<b>128,350</b>	<b>110,213</b>	<b>474,913</b>
Excess (deficiency) of revenues over expenditures	(225,262)	(122,521)	1,924	(345,859)
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating Transfers In	248,388	128,400	-	376,788
Operating transfers out	(10,601)	(5,743)	-	(16,344)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>237,787</b>	<b>122,657</b>	<b>-</b>	<b>360,444</b>
Excess (deficiency) of revenues over expenditures and other sources (uses)	12,525	136	1,924	14,585
Fund Balances at beginning of year	309,802	163,968	56,124	529,894
Fund Balances at end of year	<b>\$ 322,327</b>	<b>\$ 164,104</b>	<b>\$ 58,048</b>	<b>\$ 544,479</b>

Memorandum Only  
Prior Year

---

\$ 118,962  
18,204

---

137,166

---

477,512

---

477,512

---

(340,346)

---

376,158  
(16,298)

---

359,860

---

19,514

510,380

---

\$ 529,894

---

## CAPITAL PROJECT FUNDS

Sewer Line Fund -

To account for excess monies still being held from a Department of Transportation and Development Grant in 1986 for sewer line replacement.

1992 Sewer  
Project Fund -

To account for monies appropriated from various sources to be used to finance the acquisition and construction of sewer system upgrades and improvements primarily in Sewer District No. 1.



**CITY OF MARKSVILLE, LOUISIANA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 CAPITAL PROJECT FUNDS  
 Year Ended June 30, 1996**

	Sewer Line	1992 Sewer Project Fund	Memorandum Only Current Year	Memorandum Only Prior Year
<b>REVENUES</b>				
Miscellaneous revenues	\$ -	\$ 922	\$ 922	\$ 607
<b>TOTAL REVENUES</b>	-	922	922	607
<b>EXPENDITURES</b>				
Capital outlay	-	-	-	(7,866)
<b>TOTAL EXPENDITURES</b>	-	-	-	(7,866)
Excess (deficiency) of revenues over expenditures	-	922	922	8,473
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating Transfers In	-	-	-	55,364
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	-	-	-	55,364
Excess (deficiency) of revenues over expenditures and other sources (uses)	-	922	922	63,837
Fund Balances at beginning of year	15,636	33,152	48,788	(15,049)
<b>Fund Balances at end of year</b>	<b>\$ 15,636</b>	<b>\$ 34,074</b>	<b>\$ 49,710</b>	<b>\$ 48,788</b>

## ENTERPRISE FUNDS

Sewer System Fund -

To account for the provision of sewerage services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operation, maintenance, billing, and collections.

Water System Fund -

To account for the provision of water services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operation, maintenance, billing, and collections.

CITY OF MARKSVILLE, LOUISIANA  
ENTERPRISE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 1996

	Sewer System Fund	Water System Fund	Memorandum Only Current Year	Memorandum Only Prior Year
<b>ASSETS</b>				
Assets				
Cash and cash equivalents	\$ 338,141	\$ 278,253	\$ 616,394	\$ 385,133
Accounts receivable	32,137	72,044	104,181	93,990
Due from other funds	3,915	2,835	6,750	6,287
Due from governmental units	-	-	-	209,895
Land	53,440	24,000	77,440	77,440
Property, plant and equipment (net of accumulated depreciation)	5,415,926	2,826,293	8,242,219	8,267,625
Restricted Assets				
Cash and cash equivalents	37,891	361,846	399,737	430,687
<b>TOTAL ASSETS</b>	<b>\$ 5,881,450</b>	<b>\$ 3,565,271</b>	<b>\$ 9,446,721</b>	<b>\$ 9,471,057</b>
<b>LIABILITIES AND FUND EQUITY</b>				
LIABILITIES				
Accounts payable	\$ 6,454	\$ 17,030	\$ 23,484	\$ 20,641
Contracts payable	-	-	-	209,536
Due to other funds	15,636	-	15,636	15,636
Curr Liab (from Restr Assets)				
Meter deposits	29,999	180,896	210,895	192,420
Revenue bonds payable	11,916	25,000	36,916	25,000
Accrued interest	-	19,000	19,000	38,562
Long-Term Liabilities				
Compensated absences payable	5,806	7,416	13,222	7,155
Revenue bonds payable	1,181,503	735,000	1,916,503	1,960,000
<b>TOTAL LIABILITIES</b>	<b>1,251,314</b>	<b>984,342</b>	<b>2,235,656</b>	<b>2,468,950</b>
FUND EQUITY				
Contributed capital	3,658,728	1,765,278	5,424,006	5,565,046
Retained Earnings:				
Reserved for revenue bond retirement	(4,061)	127,467	131,528	116,387
Unreserved	967,347	688,184	1,655,531	1,320,674
<b>TOTAL FUND EQUITY</b>	<b>4,630,136</b>	<b>2,580,929</b>	<b>7,211,065</b>	<b>7,002,107</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 5,881,450</b>	<b>\$ 3,565,271</b>	<b>\$ 9,446,721</b>	<b>\$ 9,471,057</b>

**OTHER REPORTS REQUIRED BY  
GOVERNMENTAL AUDITING STANDARDS**

The following pages contain reports on the internal control structure and compliance with laws and regulations required by Governmental Auditing Standards, issued by the Comptroller General of the United States. The report on internal control structure is based on the audit of the financial statements and includes, where appropriate, any reportable conditions and/or material weaknesses. The report on compliance with laws and regulations is, likewise, based solely on the audit of the presented financial statements and presents, where applicable, compliance matters that would be material to the presented financial statements.

# Major & Ducote

## Certified Public Accountants

VAN P. MAJOR, CPA, PC  
ALOYSIA C. DUCOTE, CPA, PC  
JOAN S. DUCOTE, CPA, PC  
JOHN L. MORRISON, III, CPA, PC

MEMBERS:  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

### INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL STRUCTURE AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS BASES ON AND PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable John Ed Laborde, Mayor  
and the Members of City Council  
City of Marksville, Louisiana

We have audited the general purpose financial statements of City of Marksville, Louisiana for the year ended June 30, 1996, and have issued our report thereon dated December 16, 1996.

We conducted our audit in accordance with generally accepted auditing standards, Governmental Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-128, "Audits of State and Local Governments." Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

The management of City of Marksville, Louisiana is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the general purpose financial statements of the City of Marksville, Louisiana, for the year ended June 30, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgement, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

**Condition #1:**

Aged utility accounts receivable are not reviewed for past due accounts and utility meter deposits per the listings are not reconciled to the utility meter deposit reserve accounts on a regular basis. As a result, the application of customer meter deposits to final bills and reviews of delinquent accounts are not performed regularly. This results in some accounts being allowed to receive services beyond the due date established by City policy or some accounts to remain as past due when they may actually be paid by the deposit on file.

**Criteria:**

Reviews of utility receivables and application of deposits to final bills should be performed regularly (monthly or quarterly) to ensure adherence to the City policies.

**Effect:**

This process would reduce delinquent accounts and more properly reflect accounts receivable and meter deposits. Utility receivables would not be overstated for any amounts still being held in meter deposits.

**Condition #2:**

Access to the utility billing system is not restricted by levels of authority. This allows for access to all areas of the billing system by all employees.

**Criteria:**

All computer processing should have levels of access controls which allow only certain persons to access specific programs or processes. Effective July 1, 1996, the City implemented a new computer system for all accounting functions which has such controls. During the year ending June 30, 1997, the City plans to upgrade the utility billing systems and integrate it into the network which includes such controls.

**Effect:**

The lack of access controls provides opportunities for unauthorized billing adjustments and credits to accounts to be made by unauthorized employees.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe none of the reportable conditions described above are material weaknesses.

We also noted other matters involving the internal control structure and its operations that we have reported to the management of the City of Marksville, Louisiana in a separate management letter dated December 16, 1996.

This report is intended for the information and use of the governing body and management of the City of Marksville, Louisiana and for filing with Legislative Auditor of the State of Louisiana and other applicable regulatory agencies. However, this report is a matter of public record and its distribution is not limited.

*Major Ducote*  
MAJOR & DUCOTE  
Marksville, Louisiana  
December 16, 1996

**Major & Ducote**  
**Certified Public Accountants**

VAN P. MAJOR, CPA, PC  
ALOYSIA C. DUCOTE, CPA, PC  
JOAN S. DUCOTE, CPA, PC  
JOHN L. MORRISON, III, CPA, PC

MEMBERS:  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Honorable John Ed Laborde, Mayor  
and the Members of City Council  
City of Marksville, Louisiana

We have audited the general purpose financial statements of the City of Marksville, Louisiana as of and for the year ended June 30, 1996, and have issued our report thereon dated December 16, 1996.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States and the provisions of Management and Budget Circular A-128, "Audits of State and Local Governments." Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to City of Marksville, Louisiana is the responsibility of the City's management. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, we performed tests of the City's compliance with certain provisions of laws, regulations, contracts and grants. However, the objective of our audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

We noted certain immaterial instances of noncompliance that we have reported to the management of the City of Marksville, Louisiana in a separate letter dated December 16, 1996.

This report is intended for the information and use of the governing body and management, of the City of Marksville, Louisiana and for filing with the Legislative Auditor of the State of Louisiana and other applicable regulatory agencies. However, this report is a matter of public record and its distribution is not limited.



MAJOR & DUCOTE  
Marksville, Louisiana  
December 16, 1996



OTHER REPORTS REQUIRED BY  
OFFICE OF MANAGEMENT AND BUDGET (OMB) CIRCULAR A-128

The following pages contain reports on internal control and compliance with laws and regulations required by OMB Circular A-128. The report on internal accounting and administrative controls relates to matters that could be significant and/or material to federal financial assistance programs. The report on compliance with laws and regulations is, likewise, related to test of compliance with laws and regulations relating to federal financial assistance programs.

# Major & Ducote

Certified Public Accountants

VAN P. MAJOR, CPA, PC  
ALOYSIA C. DUCOTE, CPA, PC  
JOAN S. DUCOTE, CPA, PC  
JOHN L. MORRISON, III, CPA, PC

MEMBERS:  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

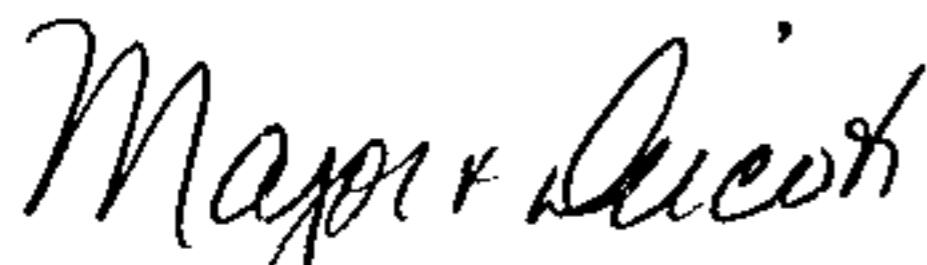
## INDEPENDENT AUDITORS' REPORT ON SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

The Honorable John Ed Laborde, Mayor  
and the Board of Aldermen  
Marksville, Louisiana

We have audited the general purpose financial statements of the City of Marksville, Louisiana, for the year ended June 30, 1996, and have issued our report thereon dated December 16, 1996. These general purpose financial statements are the responsibility of City of Marksville, Louisiana, management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of the Office of Management and Budget (OMB) Circular A-128, "Audits of State and Local Governments." Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements of City of Marksville, Louisiana, taken as a whole. The accompanying Schedule of Federal Financial Assistance is presented for purpose of additional analysis and is not a required part of the general purpose financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.



MAJOR & DUCOTE  
Marksville, Louisiana  
December 16, 1996

# Major & Ducote

Certified Public Accountants

VAN P. MAJOR, CPA, PC  
ALOYSIA C. DUCOTE, CPA, PC  
JOAN S. DUCOTE, CPA, PC  
JOHN L. MORRISON, III, CPA, PC

MEMBERS:  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT ON THE INTERNAL CONTROL STRUCTURE USED IN ADMINISTERING FEDERAL FINANCIAL ASSISTANCE PROGRAMS

The Honorable John Ed Laborde, Mayor  
and Members of the City Council  
City of Marksville, Louisiana

We have audited the general purpose financial statements of the City of Marksville as of and for the year ended June 30, 1996, and have issued our report thereon dated December 16, 1996. We have also audited City of Marksville Louisiana's compliance with requirements applicable to major federal financial assistance programs and have issued our report thereon dated December 16, 1996.

We conducted our audits in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-128, "Audits of State and Local Governments". Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

In planning and performing our audits for the year ended June 30, 1996 we considered the internal control structure of the City of Marksville, Louisiana in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements of the City of Marksville, Louisiana and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed internal control structure policies and procedures relevant to our audit of the general purpose financial statements in a separate report dated December 16, 1996.

The management of the City of Marksville, Louisiana is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles, and that federal financial assistance programs are managed in compliance with applicable laws and regulations.

However, we noted certain matters involving the internal control structure and its operation that we have reported to the management of the City of Marksville, Louisiana in a separate letter dated December 16, 1996.

This report is intended for the information and use of the governing body and management, of the City of Marksville, Louisiana and for filing with the Legislative Auditor of the State of Louisiana and other applicable regulatory agencies. However, this report is a matter of public record and its distribution is not limited.



MAJOR & DUCOTE  
Marksville, Louisiana  
December 16, 1996

**Major & Ducote**  
Certified Public Accountants

VAN P. MAJOR, CPA, PC  
ALOYSIA C. DUCOTE, CPA, PC  
JOAN S. DUCOTE, CPA, PC  
JOHN L. MORRISON, III, CPA, PC

MEMBERS:  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH THE GENERAL  
REQUIREMENTS APPLICABLE TO FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

The Honorable John Ed Laborde, Mayor  
and the Members of City Council  
City of Marksville, Louisiana

We have audited the general purpose financial statements of the City of Marksville, Louisiana as of and for the year ended June 30, 1996, and have issued our report thereon dated December 16, 1996.

We have applied procedures to test the City of Marksville, Louisiana's compliance with the following requirements applicable to its federal financial assistance program, which are identified in the Schedule of Federal Financial Assistance for the year ended June 30, 1996:


General Requirements

- \* Political Activity
- \* Davis Bacon Act
- \* Civil Rights
- \* Cash Management
- \* Federal Financial Report
- \* Allowable Costs
- \* Drug free workplace
- \* Administrative requirements

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's "Compliance Supplement for Single Audits of State and Local Governments". Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the City's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to the items not tested, nothing came to our attention that caused us to believe that the City of Marksville, Louisiana had not complied, in all material respects, with those requirements. Also, the results of our procedures did not disclose any immaterial instances of noncompliance with those requirements.

This report is intended for the information and use of the governing body and management, of the City of Marksville, Louisiana and for filing with the Legislative Auditor of the State of Louisiana and other applicable regulatory agencies. However, this report is a matter of public record and its distribution is not limited.

  
MAJOR & DUCOTE  
Marksville, Louisiana  
December 16, 1996

**Major & Ducote**  
Certified Public Accountants

VAN P. MAJOR, CPA, PC  
ALOYSIA C. DUCOTE, CPA, PC  
JOAN S. DUCOTE, CPA, PC  
JOHN L. MORRISON, III, CPA, PC

MEMBERS:  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH SPECIFIC REQUIREMENTS  
APPLICABLE TO NONMAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAM TRANSACTIONS**

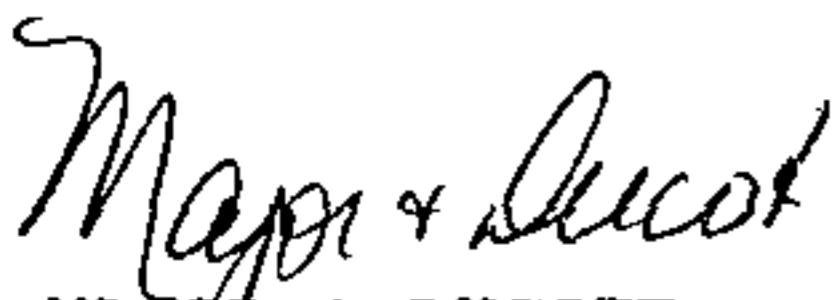
The Honorable John Ed Laborde, Mayor  
and the Members of City Council  
City of Marksville, Louisiana

We have audited the general purpose financial statements of the City of Marksville, Louisiana as of and for the year ended June 30, 1996, and have issued our report thereon dated December 16, 1996.

In connection with our audit of the 1995 general purpose financial statements of the City of Marksville, Louisiana and with our consideration of the City's internal control structure used to administer federal and financial assistance programs, as required by Office of Management and Budget Circular A-128, "Audits of State and Local Governments", we selected certain transactions applicable to certain nonmajor federal financial assistance programs for the year ended June 30, 1996. As required by OMB Circular A-128, we have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the City of Marksville, Louisiana's compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to the items not tested, nothing came to our attention that caused us to believe that the City of Marksville had not complied, in all material respects, with those requirements.

This report is intended for the information and use of the governing body and management, of the City of Marksville, Louisiana and for filing with the Legislative Auditor of the State of Louisiana and other applicable regulatory agencies. However, this report is a matter of public record and its distribution is not limited.



MAJOR & DUCOTE  
Marksville, Louisiana  
December 16, 1996